

The complaint

Mr C has complained about the market value settlement Admiral Insurance (Gibraltar) Limited paid him when he made a claim under his car insurance policy.

What happened

Mr C's car was stolen and later recovered, but damaged beyond economical repair. Admiral said it would settle Mr C's claim by paying him the market value for his car.

Mr C was unhappy with the market value Admiral reached. He provided adverts of similar cars for sale for more. But Admiral said it had reached its valuation correctly and didn't uphold Mr C's complaint.

Mr C asked us to look at his complaint.

Our Investigator didn't recommend the complaint should be upheld. He thought Admiral had acted reasonably.

Mr C didn't agree and wants an ombudsman to decide.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

We don't decide a valuation. But we look at whether an insurer reached its valuation reasonably and in line with the policy.

Admiral says the most it will pay in the event of a claim is the market value of Mr C's car. It defines the term 'market value' as;

"The cost of replacing your vehicle; with one of a similar make, model, year, mileage and condition based on market prices immediately before the loss happened. Use of the term 'market' refers to where your vehicle was purchased. This value is based on research from industry recognised motor trade guides."

Admiral followed our long standing approach in reaching its valuation. It looked at the main motor trade guides which provide average valuations for a car of the same make, model, condition, age and mileage as Mr C's. We find the trade guides 'retail transacted' valuations a reliable way of deciding a fair valuation. But we also consider other information such as adverts.

In this case, Admiral paid the higher of two guides, so £13,010. However, Mr C provided example adverts which ranged between £14,500 and £14,990.

I don't doubt Mr C's findings that dealers say the price isn't negotiable with a perspective customer. And so Mr C doesn't agree that there is room for negotiation in the advertised selling price.

However, the advertised selling price doesn't always equal the final selling price. Not all cars for sale on a forecourt are sold at the first 'for sale' price. Dealers can and do reduce the price or offer promotions in order to turn over their stock of vehicles. This means that while the advertised selling price is a guide, it isn't necessarily the actual sale price in all cases.

I have looked at the adverts provided by both parties. While Mr C's examples show a similar car for sale for more, Admiral has shown that it is possible to buy a similar car for the same as the market value it relied on to settle Mr C's claim. The examples Admiral provided include cars with the same specification as Mr C's, of the same age or younger, and with similar mileage. One example is for lower mileage and a younger age, advertised for £12,748 around the time of loss.

So while I've considered the examples Mr C has provided and I understand why he reached a proposed higher average for a market value of £1,734.75 more, I have to take into account all of the available information when reaching a decision as to whether Admiral has acted reasonably.

Having done so, I think the market value Admiral reached of £13,010 is fair as it has reasonably shown that it is possible for Mr C to purchase a similar car for this price.

My final decision

For the reasons I've given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 2 July 2024.

Geraldine Newbold
Ombudsman